

## Message Text

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PAGE 01 LUXEMB 00787 270849Z

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ACTION EUR-12

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R 270745Z SEP 75

FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC 4669

USDOC WASHDC

UNCLAS LUXEMBOURG 0787

E. O. 11652: N/A

TAGS: BEXP, LU

SUBJECT: LUXEMBOURG AS A FINANCIAL CENTER

REF: A) USDOC 12969, B) LUX A-41, AUG 27, 1974

1. EMBASSY WELCOMES PROPOSED ARTICLE FOR COMMERCE TODAY ON LUXEMBOURG AS A FINANCIAL CENTER. ALTHOUGH REFTEL B REPORT IS STILL ESSENTIALLY CORRECT, EMBASSY HAS IDENTIFIED CHANGES NOTED IN APRA 2 BELOW AS NECESSARY FOR UPDATE PRIOR TO APPEARANCE IN ARTICLE FORM. EMBASSY REQUESTS OPPORTUNITY FOR QUICK REVIEW OF ARTICLE PRIOR TO PUBLICATION TO ENSURE ACCURACY. (NOTE: ANNUAL REPORT OF THE LUXEMBOURG BANKING COMMISSION WILL APPEAR IN SIX WEEKS WITH STATISTICS UP TO JULY 1975). PLEASE TRANSMIT DRAFT ARTICLE VIA INTERNATIONAL AIRMAIL (NOT POUCH). EMBASSY WILL CABLE NEEDED CORRECTIONS IF ANY.

2. CHANGES BY PAGE:

PAGE 1 - LINE 4: (LUXEMBOURG FINANCIAL CENTER) ACCOUNTS FOR 20 PERCENT OF EURODOLLAR DEPOSITS.

PAGE 2-3: RESERVE REQUIREMENTS DESCRIBED IN SECTION BEGINNING: "UNTIL EARLY 1973" THROUGH END PARA A, WERE ABOLISHED IN 1974.

PAGE 7 - LINE 14: APPROXIMATELY 29 PERCENT OF FINANCIAL SECTOR WORK FORCE IS OF NON-LUXEMBOURG ORIGIN. IT MIGHT UNCLASSIFIED

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BE NOTED THAT HIS IS IN KEEPING WITH THE OVERALL NATIONAL

AVERAGE FOR FOREIGN EMPLOYEES.

PAGE 19 - PARA B - BANKS: THE CURRENT TOTAL OF BANKS IN LUXEMBOURG IS 80. AN ACCURATE BREAKDOWN BY NATIONALITY WILL BE AVAILABLE IN THE FORTHCOMING BANKING COMMISSION REPORT, BUT THE NUMBER OF US BANKS REMAINS 17. TOTAL BALANCE SHEETS OF THESE BANKS AMOUNT TO \$30 BILLION. THERE HAS BEEN A 30 PERCENT INCREASE IN THE FIRST SIX MONTHS OF 1975. THE NUMBER OF EMPLOYEES IS NOW 5665 OF WHOM 4000 ARE LUXEMBOURG NATIONALS AND 1665 FOREIGNERS.

PAGE 22 - LUXEMBOURG STOCK EXCHANGE: NOW NUMBERS 900 LISTINGS OF WHICH 85 PERCENT ARE INTERNATIONAL SECURITIES. BONDS ARE NOW VALUED AT \$16.8 BILLION (INFORMATION AS OF JUNE 30, 1975).

PAGE 24: THE EUREX SYSTEM IS NOT YET IN OPERATION BUT STILL IN THE FORMATION STAGE. THE BANKING SYNDICATE IS NOW LOOKING FOR SHAREHOLDERS.

PAGE 24: CEDEL'S CLEARINGS ARE NOW RUNNING AT AN ANNUAL RATE OF \$7.5 BILLION AND 670 BANKS AND INVESTMENT HOUSES SETTLE TRANSACTIONS THROUGH CEDEL. CEDEL'S INITIAL CAPITAL HAS BEEN INCREASED TO \$2 MILLION. ITS SUBSCRIBED CAPITAL IS NOW \$1.7 MILLION WITH 96 SHAREHOLDING INSTITUTIONS. US SHAREHOLDERS STILL NUMBER 8.

PAGE 26 AND FOLLOWING: WHEN THE AIRGRAM REPORT WAS WRITTEN, THE EUROBOND MARKET WAS IN A DEEP SLUMP. SINCE EARLY 1975, THIS MARKET HAS REBOUNDED AND IS NOW OPERATING AT AN ANNUAL RATE SLIGHTLY HIGHER THAN THE RECORD YEAR OF 1972.

PAGE 29; PARA B: LUXEMBOURG'S EURODEPOSITS ARE ROUGHLY ESTIMATED TO BE 20 PERCENT OF THE TOTAL COMPARED TO LONDON'S 60 PERCENT. THE REMAINING 20 PERCENT IS SHARED BY OTHER CENTERS SUCH AS FRANKFURT, PARIS, BRUSSELS, AND NEWCOMERS SUCH AS SINGAPORE.

PAGE 33: EUROBOND ISSUES FOR 1973 TOTALLED \$3.5 BILLION;  
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FOR 1974, \$1.4 BILLION; AND FOR THE FIRST SIX MONTHS OF 1975, ALMOST \$2.9 BILLION. PHILLIPS

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